International food prices are declining but only slightly.

TDL 15 This Day Live “Global Food Prices Decline” January 12th 2015 <http://www.thisdaylive.com/articles/global-food-prices-decline/198979/> JW 1/16/15

Food prices at the international level, as measured by the Food and Agriculture Organisation (FAO) Food Price Index (FFPI) declined in the month of December 2014, compared with November 2014. The FFPI averaged 188.6 points, 1.7 per cent lower than the revised value in November 2014 and 8.5 per cent lower than the December 2013 figure. According to the FAO, the fall in the value of the Index in December was mainly attributable to the sharp decline in all food prices except cereals which appreciated marginally. The FAO Cereal Price Index increased by 0.4 per cent from the previous month, due to the rise in the prices of wheat brought about by concerns over Russia’s possible export restrictions, although the strengthening of the dollar limited this increase. Rice prices however fell as a result of abundant supply, due to the harvest season, coupled with weak import demand. The FAO Vegetable Oil Price Index was down by 2.4 per cent in December 2014, driven by the fall in palm oil prices, as declining crude oil prices crippled demand for palm oil as a biodiesel feed stock. “Prices only recovered towards the end of the year as the harvest season in Malaysia was foiled by heavy rainfall. The FAO Dairy Index declined by 2.3 per cent in December 2014 majorly due to the increased export availability in the face of the weakening import demand for dairy products by major importers namely China and Russia. “The FAO Sugar Index decreased by 4.8 per cent in December from November 2014, due to ample supply from sugar exporting countries especially Brazil. This fall was also exacerbated by the drop in crude oil prices as less ethanol was converted from sugar crops,” it explained.

Minimum wage hikes get passed on to consumers-this raises food prices-consensus of economic literature.

ALEC 14 American Legislative Exchange Council “Raising the Minimum Wage: The Effects on Employment, Businesses and Consumers” March 2014 <http://www.alec.org/wp-content/uploads/Raising_Minimum_wage.pdf>

However, negative employment effects are not the only consequence of raising the minimum wage. Employers often cannot fully absorb the costs of an increased mandated wage rate by cutting their workforce because they need that labor to successfully run their businesses. Employers are forced to turn to other methods to protect their bottom line and stay in business. The costs of a minimum wage hike are often passed on to consumers in what economist Daniel Aaronson calls “price pass-through.” In a study of prices in the restaurant and fast food industry—an industry that heavily employs and serves low-wage earners—Aaronson, French and MacDonald found an increase in the minimum wage also increases the prices of food items.24 Using data from the Consumer Price Index (CPI) from 1995 to 1997, the economists examined 7,500 food items (usually a complete meal) from 1,000 different establishments in 88 different geographic areas. They found the increase in menu prices affected limited service restaurants the hardest. These are restaurants where most diners pay at the counter and take their food home with them. These restaurants are also more likely to employ low-wage workers and thus more likely to have their business costs rise as a result of a minimum wage increase. The study found that in these instances, almost 100 percent of the increase in labor costs is passed on to consumers in the form of higher prices.25 These results are consistent with most of the economic literature on the subject. Sara Lemos of the Institute for the Study of Labor (IZA) looked at more than 20 papers on the subject and found that most studies predicted a 10 percent increase in the minimum wage would result in a 4 percent increase in food prices and a 0.4 percent increase in prices overall.26 Unfortunately, the businesses hit hardest by an increase to the minimum wage are not only the types of places where low-income people are employed, but also businesses frequented by low-income consumers. Food prices are of particular importance to people living near or below the poverty line as they tend to spend a greater percentage of their family budget on food. The low-wage employees who experience an increase to their wages due to a minimum wage increase will have the benefit of higher wages largely offset by higher prices. Additionally, non-minimum wage earners will face higher prices without the corresponding increase in wages. Thus, they will likely cut back spending to compensate. These cutbacks in spending may also result in substitutions toward cheaper, lower quality goods.

High food prices causes regional wars.

AFP 8 Agence France Presse “IMF warns rising food prices raising risk of war” April 13th 2008 http://www.khaleejtimes.com/kt-article-display-1.asp?xfile=data/business/2008/April/business\_April419.xml&section=business

WASHINGTON (AFP) — **Rising food prices could have terrible consequences for the world, including the risk of war, the IMF has said, calling for action to keep inflation in check. "Food prices, if they go on like they are doing today ... the consequences will be terrible,**" International Monetary Fund managing director Dominque Strauss-Kahn said. "**Hundreds of thousands of people will be starving ... (leading) to disruption of the economic environment**," Strauss-Kahn told a news conference at the close of the IMF spring meeting here**. Development gains made in the past five or 10 years could be "totally destroyed," he said, warning that social unrest could even lead to war. "As we know, learning from the past, those kind of questions sometimes end in war**," he said. If the world wanted to avoid "these terrible consequences," then rising prices had to be tackled. **Skyrocketing prices on rice, wheat, corn and other staple foods like milk particularly hurt developing nations, where the bulk of income is spent on the bare necessities for survival.** Higher energy prices, too, are driving up the cost of food, as well as stoking broader inflation. In recent months, **rising food costs have lead to social unrest in several countries such as Haiti and Egypt**. Thirty-seven countries currently face food crises, according to the Food and Agriculture Organization. Escalating inflation is complicating the already complex challenges of a global financial crisis battering the world economy, Strauss-Kahn said. The 185-nation IMF called for a strong front to put the reeling world economy back on track.

A modest increase in price is super bad for lots of people.

Brown 5 Lester Brown (founder of the Worldwatch Institute, founder and president of the Earth Policy Institute, author of over 50 books on global environmental issues) “Outgrowing the Earth: The Food Security Challenge in an Age of Falling Water Tables and Rising Temperatures” 2005

Many Americans see terrorism as the principal threat to security, but for much of humanity, the effect of water shortages and rising temperatures on food security are far more important issues. **For the 3 billion people who live on 2 dollars a day or less and who spend up to 70 percent of their income on food, even a modest rise in food prices can quickly become life-threatening. For them, it is the next meal that is the overriding concern.**